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STATE OF HAWAII

DEPARTMENT OF HEALTH

EVALUATION TECHNICAL REVIEW BRANCH
P. O. BOX 3378
HONOLULU, HAWAII 96801



*Ray
cc
Reference
7/15*

Mr. Stanley Leiborwitz
Permits Branch
Enforcement Division
U.S. Environmental Protection Agency
Region IX
100 California Street
San Francisco, CA 94111

GEORGE R. ARIYOSHI
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O.Box 3378
HONOLULU, HAWAII 96801

RECEIVED
E.P.A. REGION IX
JUL 16 11 15 AM '76

GEORGE A. L. YUEN
DIRECTOR OF HEALTH
Audrey W. Mertz, M.D., M.P.H.
Deputy Director of Health
James S. Kumagai, Ph.D., P.E.
Deputy Director of Health
Henry N. Thompson, M.A.
Deputy Director of Health

In reply, please refer to:
File: _____

July 13, 1976

Mr. Stanley Leibowitz
Permits Branch
Enforcement Division
U.S. Environmental Protection Agency
Region IX
100 California Street
San Francisco, CA 94111

Dear Mr. Leibowitz:

Subject: Delegation of Small Business Loan Program
From EPA to Hawaii State Department of Health

Attached is a copy of a piece of communication that apparently came to us from Region IX, exact source unknown. My concern is relative to the article entitled, "Bill Concerning Small Business Administration Program."

Specifically, the article indicates that the U.S. Environmental Protection Agency's role in the Small Business Administration Program is not only that of certifying whether the pollution control facility within any business is acceptable but also involves the actual loan processing. I would appreciate some clarification on this aspect of the program since it could generate further involved relationships between my branch and that of our budget and fiscal people in the Department of Health.

After Dr. Kumagai returned from his trip, he indicated that he wants quick resolution of the SBA program delegation. I indicated to him that we should tie the implementation of delegation to the filling of one of the Engineer III vacancies in Denis Lau's section. As you are probably aware by now, Mr. Lau will lose toward the end of this month one of his Engineer III's. This will then result in him being with two Engineer III positions vacant. The Engineer III that is leaving will be filling a vacant Engineer IV slot in our Construction Grants Program.

I will keep you informed from time to time as matters progress on the SBA Delegation.

Sincerely,

A handwritten signature in cursive script, reading "Ralph K. Yukumoto".

RALPH K. YUKUMOTO, CHIEF
Pollution Technical Review Branch

RKY/mt 5-1
cc: Dr. Kumagai
Mr. Soneda
Attachment

As we look forward to our third century as a nation, we must keep a global perspective. We must recognize the inescapable interdependence of human beings, and the dependence of all on the fragile planet we share.

Department of the Interior

*Announcement of Intention To Nominate
Albert C. Zapanta To Be Assistant Secretary for
Management. June 4, 1976*

The President today announced his intention to nominate Albert C. Zapanta, of Los Angeles, Calif., to be Assistant Secretary of the Interior. His area of responsibility will be Management. He will succeed James T. Clarke, who resigned effective April 1, 1976. Mr. Zapanta has been southwest coordinator of the President Ford Committee since 1975.

Born on March 8, 1941, in Los Angeles, Calif., Mr. Zapanta attended the University of Southern California and received his B.A. degree in 1966 and his M.A. in 1973. He is currently a doctoral candidate in public administration at U.S.C. He is a major in the Army Reserve after having served in the U.S. Army from 1966 to 1970.

In 1973, Mr. Zapanta was selected to serve as a White House Fellow and was Special Assistant to the Secretary of Transportation. He was vice president of Amex Systems, Inc., during 1974-75, until becoming president of the Energy Resource Group, Inc., of Beverly Hills, Calif., a firm of management consultants and oil and natural gas management representatives.

Mr. Zapanta is president of the Mexican-American Alumni Group and a director of the National Association of Spanish Speaking City Planners.

Mr. Zapanta is married to the former Rochelle M. Caouette, and they have one child. They reside in Monterey Park, Calif.

National Medal of Science

*Statement by the President Announcing the 1975
Recipients of the Award. June 4, 1976*

The National Medal of Science is the Nation's highest award for outstanding achievement in science and engineering. I am most pleased to announce the selection of 15 outstanding Americans who are designated as the 1975 recipients of this award.

The records of discovery, contribution, and service to the Nation of these medalists demonstrate the diversity and strength of our Nation's scientific and engineering endeavors. The winners have contributed to the fundamental understanding of our natural environment in both the world and universe in which we live. Their accomplishments include dramatic contributions to increased productivity in agriculture and improvement of human health. Their research in mathematics and its applications have revolutionized our methods of conducting research and our utilization of computer technology in operations and systems research. New sources of energy have been derived from the fundamental research undertaken by other recipients.

In short, the contributions of these 15 distinguished people are a useful reminder to all of us how valuable it is to maintain a strong national effort in research and development. I am committed to the belief that a vigorous effort to discover and apply new knowledge will keep our Nation strong.

I have selected the following people to receive the 1975 National Medal of Science:

JOHN W. BACKUS, of San Francisco, Calif.
MANSON BENEDICT, of Weston, Mass.
HANS A. BETHE, of Ithaca, N.Y.
SHING-SHEN CHERN, of El Cerrito, Calif.
GEORGE B. DANTZIG, of Stanford, Calif.
HALLOWELL DAVIS, of St. Louis, Mo.
PAUL GYORGY (posthumous award).
STERLING BROWN HENDRICKS, of Silver Spring, Md.
JOSEPH O. HIRSCHFELDER, of Madison, Wis.
WILLIAM H. PICKERING, of Pasadena, Calif.
LEWIS H. SARETT, of Skillman, N.J.
FREDERICK E. TERMAN, of Stanford, Calif.
ORVILLE ALVIN VOGEL, of Pullman, Wash.
E. BRIGHT WILSON, JR., of Concord, Mass.
CHIEN-SHIUNG WU, of New York, N.Y.

I look forward to meeting with these distinguished Americans and with the family of Dr. Gyorgy at the White House in the near future.

Bill Concerning Small Business Administration Programs

*Statement by the President on Signing S. 2498 Into
Law, While Expressing Reservations About Certain of
Its Provisions. June 4, 1976*

I am today signing S. 2498, an omnibus bill which affects a number of Small Business Administration (SBA) programs. I strongly favor many provisions of this bill which will immediately help small businesses. For example, increases in the maximum loan limit per borrower for certain SBA business loan programs are needed to compensate for the higher cost of capital plant and equipment.

While, on balance, I favor this bill, three parts of this legislation trouble me.

First, section 102 would authorize the SBA to guarantee small business leases of pollution control facilities from

State or local public bodies. To finance these facilities, State or local authorities would issue tax-exempt obligations secured by the SBA-guaranteed lease.

I have consistently opposed the combination of a Federal guarantee and a tax-exempt security. And Congress over the past 6 years has also recognized this problem by enacting at least twelve separate statutes which preclude guarantees of tax-exempt securities. The combination of Federal guarantees with tax-exempt bonds increases the revenues loss to the U.S. Government while primarily benefiting the high-income purchasers of these bonds rather than small businesses.

In addition, the provision of a Federal guarantee of tax-exempt bonds creates a security which would be more attractive in the capital markets than direct obligations of the U.S. Treasury. Also, Federal guarantees of tax-exempt obligations add to the pressures on the municipal bond market by creating a security which is superior to all other tax-exempt securities issued by States and local governments. The result could be higher borrowing costs for States and local governmental units which must finance schools, roads, hospitals, and other essential public facilities.

I share the congressional concern that small business needs Federal assistance to comply with pollution control requirements. But this is not the best way to do it. A better way to provide small business with access to financing for pollution control facilities is through the SBA's water and air pollution control loan programs. Although these relatively new programs have been adequately funded in fiscal years 1976 and 1977, small business has not yet had the opportunity to use them fully. I am therefore directing the SBA to take prompt and vigorous action to insure that these loan programs are made fully accessible to the small business community by working with the Environmental Protection Agency (EPA). They will work to reduce the loan processing and certification time, clarify and promote the purpose of the program, and to provide necessary technical assistance.

I am also requesting that the EPA devote special attention to pollution regulations which the small business community believes excessively burdensome or inequitable. The EPA has already promulgated less stringent effluent guidelines for small plants in several industries, including dairies, electroplating, leather, seafoods, textiles, meat processing and rendering.

These actions should help to alleviate the adverse impact of pollution regulations on small business finances. I hope that the Congress will recognize that this problem can be corrected without resort to the extraordinary authorization of Federal guarantees for tax-exempt pollu-

tion control bonds. I urge the Congress to review this guarantee program promptly along with an examination of the growth of industrial revenue financing—an issue which is of much concern to municipal finance experts.

My second concern is with section 112, which makes all small agricultural enterprises eligible for financing and management assistance from the SBA. Despite widespread congressional concern about overlapping and conflicting Federal programs, this new SBA program is quite similar to that of the Department of Agriculture. The Department of Agriculture, through the Farmers Home Administration and the Farm Credit Administration have ample legal authority to extend financial assistance to small agricultural enterprises. I am directing the SBA and the Department of Agriculture to insure that the overlap inherent in their credit programs is minimized.

The legislative history of S. 2498 indicates that Congress is concerned with the difficulty which small agricultural enterprises often have in obtaining loans from the Farmers Home Administration. I share this concern. However, I believe that small agricultural enterprises can be assisted better through needed amendments to the Consolidated Farm and Rural Development Act which would:

- provide Federal credit assistance for meeting pollution control requirements, and
- double the loan limits for farm operating and ownership loans.

I urge the Congress to enact H.R. 10078 and S. 3114 which would make these required changes in the Consolidated Farm and Rural Development Act and to reconsider the necessity for expanding SBA authority to finance small farms and ranches.

Finally, I question the provision of S. 2498 which requires Presidential appointment with Senate confirmation of the Chief Counsel for Advocacy, redirects the role of the Chief Counsel from small business advocate to that of director of special studies of small and minority business, and requires the Counsel to transmit reports to the President and Congress without prior review by other Federal agencies.

With these reservations, I am signing S. 2498. While the Congress and I share a deep concern for the health of small business and small farms, this commitment should not result in unnecessary or inappropriate changes in SBA programs. Therefore, I ask the Congress to join with my administration in reexamining the parts of S. 2498 which concern me and take appropriate action to correct the problems I have outlined.

NOTE: As enacted, the bill (S. 2498) is Public Law 94-305, approved June 4, 1976.